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SUBJECT: PARLIAMENT PASSES LEGISLATION FOR REFERENDUM ON ICESAVE

¶1. (U) The Icelandic Parliament passed legislation on January 8 outlining the mechanics for holding a national referendum on the Icesave bill. The referendum, which became necessary when Iceland's President refused to sign the bill into law, will occur on either February 27 or March 6. The Minister of Justice will determine the exact date in coordination with the Electoral Commission. Ultimately, the date will depend on practical considerations such as when ballots can be prepared and voter registration lists updated.

¶2. (U) The legislation passed on January 8 also determined the exact language that will appear on the national referendum ballot. Despite a contentious debate on the subject, all 49 MPs who were present for the vote ended up agreeing on the syntax. After the vote, Birgitta Jonsdottir, an MP from The Movement, complained that the referendum language was too stilted and expressed disappointment that it was not drafted "in a more human way." The question on the ballot will read as follows:

"Law Number 1/2010 would amend Law Number 96/2009, on giving authorization to the Minister of Finance, on behalf of the State Treasury, to guarantee a loan given to the Depositors' and Investors' Guarantee Fund from the British and the Dutch states to cover payments to depositors in Landsbanki Islands hf. Althingi passed Law Number 1/2010, but the President rejected its confirmation into law. Should Law Number 1/2010 stay in force?" There will be two options to answer this question on the ballot: "Yes, it should stay in force" and "No, it should expire."

¶3. (U) The parliamentary General Affairs Committee emphasized the need to explain the issue to voters from a neutral standpoint ahead of the referendum and suggested that the Ministry of Justice hire an outside firm for this task. Messaging could help the government's cause since polling data indicates uncertainty among Icelanders over the Icesave issue. The polling institute Market and Media Research (MMR) published a poll on January 6 indicating that 58 percent would vote 'No' to the Icesave bill in a referendum, and 42 percent would support it. A January 7 poll by Gallup, however, showed a change in the public's attitudes whereby 53 percent of the nation would vote in favor of the law, but 41 percent would reject it. On January 9 the Frettabladid newspaper published the results from a third poll, showing that 60 percent would strike down the bill, and 40 percent would vote in favor of its passing. Polls taken before the President's decision showed an overwhelming majority of the public intended to vote against the issue if it went to referendum.

WATSON